

Exhibit C

1 UNITED STATES DISTRICT COURT
2 NORTHERN DISTRICT OF CALIFORNIA

3

4 PENDING IN THE UNITED STATES

5 DISTRICT COURT

6 EASTERN DISTRICT OF PENNSYLVANIA

7 (JPF) No. 202CV02943

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9 VANGUARD IDENTIFICATION SYSTEMS,

10 INC.,

11 Plaintiff,

12 vs.

13 RONNIE E. GOADE, SR., et al.,

14 Defendants.

15

16 TELECONFERENCED DEPOSITION OF

17 HUGH WILDER

18 SAN FRANCISCO, CALIFORNIA

19 June 10, 2004

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22 REPORTED BY: RICHARD M. RAKER,

23 CSR NO. 3445

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<p style="text-align: right;">Page 82</p> <p>1 institution takes a security interest</p> <p>2 in the assets of a company, is there a</p> <p>3 filing that is done --</p> <p>4 A. Yes.</p> <p>5 Q. -- a public record filing?</p> <p>6 A. Yes.</p> <p>7 Q. And where is that filing generally</p> <p>8 done?</p> <p>9 A. It is a UCC filing that's usually</p> <p>10 done in the state and the county at --</p> <p>11 of the operations of the business.</p> <p>12 Q. And I just ask you to take a look at</p> <p>13 Defendants' Exhibit 12 and 13.</p> <p>14 A. Yes.</p> <p>15 Q. And are those -- can you tell me what</p> <p>16 those are?</p> <p>17 A. These are -- Exhibit 12 is a UCC</p> <p>18 filing by Heller Financial as agent</p> <p>19 against all of the company's owned and</p> <p>20 hereafter acquired assets of the</p> <p>21 Stik/Strip Laminating Company in</p> <p>22 Edmond, Oklahoma, that was filed in --</p> <p>23 looks like June of 1998.</p> <p>24 Q. And what is Defendants' Exhibit 13?</p>	<p style="text-align: right;">Page 84</p> <p>1 time frame, do you recall how much</p> <p>2 money DocuSystems owed to the bank</p> <p>3 group that was run by Heller</p> <p>4 Financial?</p> <p>5 A. In the neighborhood of 55 million</p> <p>6 dollars.</p> <p>7 Q. And do you recall how much the sale</p> <p>8 of DocuSystems' assets realized for</p> <p>9 the bank group?</p> <p>10 A. Yes, I do.</p> <p>11 Q. And what was that amount?</p> <p>12 A. 18 million dollars.</p> <p>13 Q. Of which about 2 million was the</p> <p>14 sale of the assets of Stik/Strip?</p> <p>15 A. Yes.</p> <p>16 Q. And so did DocuSystems have any</p> <p>17 money or assets left over to satisfy</p> <p>18 this judgment that was entered into?</p> <p>19 That's Defendants' Exhibit 20.</p> <p>20 A. None that I didn't have a security</p> <p>21 interest in.</p> <p>22 Q. And did you sell all the assets</p> <p>23 that you had a security interest in?</p> <p>24 A. Yes, I did. We did.</p>
<p style="text-align: right;">Page 83</p> <p>1 A. 13 is a similar filing -- UCC filing</p> <p>2 against Stik/Strip's assets by Heller</p> <p>3 Financial filed with the Secretary of</p> <p>4 State of Illinois.</p> <p>5 Q. All right. So at the time -- let's</p> <p>6 just go back for a moment to your</p> <p>7 earlier statement that -- that Heller</p> <p>8 was the, quote, senior secured lender,</p> <p>9 closed quote. And that means that</p> <p>10 Heller had the priority -- the first</p> <p>11 priority over anybody else who would</p> <p>12 seek to claim a right to the assets of</p> <p>13 DocuSystems or Stik/Strip; is that</p> <p>14 fair to say?</p> <p>15 A. That's fair to say.</p> <p>16 Q. All right. So at the time of this</p> <p>17 judgment, which we looked at before,</p> <p>18 Defendants' Exhibit 20, Heller had a</p> <p>19 security interest or a priority</p> <p>20 interest to all of the assets of</p> <p>21 DocuSystems and Stik/Strip; is that</p> <p>22 right?</p> <p>23 A. That is correct.</p> <p>24 Q. Now, at that time, the July of 2000</p>	<p style="text-align: right;">Page 85</p> <p>1 Q. You mentioned at one point that you</p> <p>2 didn't know Mr. Goade, you'd never</p> <p>3 dealt with Mr. Goade, and had only</p> <p>4 recently spoken to Mr. Goade with</p> <p>5 respect to his asking you to be a</p> <p>6 witness in this case.</p> <p>7 But you did say that you</p> <p>8 had some dealings with the board of</p> <p>9 DocuSystems, or did you not have</p> <p>10 dealings with the board of</p> <p>11 DocuSystems?</p> <p>12 A. I had dealings with the</p> <p>13 representatives of the board of</p> <p>14 DocuSystems.</p> <p>15 Q. Did you know whether Mr. Goade was</p> <p>16 ever a member of the board of</p> <p>17 directors of DocuSystems?</p> <p>18 A. I don't know. I don't recall.</p> <p>19 Q. I'll just ask you to take a look at</p> <p>20 Defendants' Exhibit 14.</p> <p>21 A. Okay.</p> <p>22 Q. I take it you've never seen</p> <p>23 Defendants' Exhibit 14 before?</p> <p>24 A. No.</p>

22 (Pages 82 to 85)

<p style="text-align: right;">Page 66</p> <p>1 A. None that I can recall.</p> <p>2 Q. What I'm really getting at is whether</p> <p>3 there was any purpose to feather Mr.</p> <p>4 Goade's nest in some way or to benefit</p> <p>5 Mr. Goade to the detriment of maybe</p> <p>6 other purchasers who would have been,</p> <p>7 you know, a higher bid or more</p> <p>8 attractive just because of some</p> <p>9 favoritism to Ron Goade. Is there</p> <p>10 anything like that going on in this</p> <p>11 transaction?</p> <p>12 A. Absolutely not.</p> <p>13 Q. Did Heller Financial have any</p> <p>14 royalties to Ron Goade?</p> <p>15 A. No.</p> <p>16 Q. Did Heller Financial have any</p> <p>17 particular interest in seeing that Ron</p> <p>18 Goade was benefited by this</p> <p>19 transaction to Heller's detriment?</p> <p>20 A. No.</p> <p>21 Q. Now, were you ever aware of a lawsuit</p> <p>22 by Vanguard Identification Systems</p> <p>23 against either Stik/Strip or</p> <p>24 DocuSystems relating to a patent</p>	<p style="text-align: right;">Page 68</p> <p>1 reason -- that was in their budget for</p> <p>2 a cash expenditure was money to defend</p> <p>3 this case.</p> <p>4 Q. And what was Heller's reaction to</p> <p>5 DocuSystems' budget for cash to defend</p> <p>6 the Vanguard litigation?</p> <p>7 A. We rejected the budget. We did not</p> <p>8 get into specifics as far as what the</p> <p>9 company could and could not spend</p> <p>10 money on. We refused to provide</p> <p>11 additional capital at the levels that</p> <p>12 the company was requesting us to</p> <p>13 provide.</p> <p>14 Q. And was that specific to the Vanguard</p> <p>15 litigation or just in general to the</p> <p>16 budget as an entirety?</p> <p>17 A. It was in general to the budget.</p> <p>18 Q. And I think you mentioned earlier</p> <p>19 that the company was bleeding cash,</p> <p>20 and at the point that the assets were</p> <p>21 sold off, the company was at the point</p> <p>22 where it was about to shut its doors.</p> <p>23 Is that a fair summary of your</p> <p>24 testimony?</p>
<p style="text-align: right;">Page 67</p> <p>1 infringement claim?</p> <p>2 A. I became aware of the lawsuit in the</p> <p>3 waning months of the case.</p> <p>4 Q. And what was your understanding or</p> <p>5 knowledge of the lawsuit?</p> <p>6 A. I had very limited knowledge on the</p> <p>7 lawsuit. Most of the conversations</p> <p>8 that I had concerning the lawsuit was</p> <p>9 the company requesting dollars in</p> <p>10 their budget that would be necessary</p> <p>11 to defend the lawsuit again towards</p> <p>12 the end of the case.</p> <p>13 Q. The company requesting the money to</p> <p>14 budget for defending the lawsuit is</p> <p>15 DocuSystems?</p> <p>16 A. Yes.</p> <p>17 Q. So DocuSystems was seeking money from</p> <p>18 Heller to pay for DocuSystems' legal</p> <p>19 defense of the case?</p> <p>20 A. The company was presenting us budgets</p> <p>21 on a weekly basis that forecasted</p> <p>22 negative cash from its operations.</p> <p>23 One of the items that was</p> <p>24 increasing -- or that was part of the</p>	<p style="text-align: right;">Page 69</p> <p>1 A. That's a fair summary.</p> <p>2 Q. So would it be a fair to say, then,</p> <p>3 that it was questionable whether</p> <p>4 DocuSystems had the financial cash to</p> <p>5 pay for the continued defense of the</p> <p>6 Vanguard litigation?</p> <p>7 A. Yes.</p> <p>8 Q. Were you aware of where -- what the</p> <p>9 status was of the Vanguard litigation</p> <p>10 at or around the time of July of 2000?</p> <p>11 A. I was aware that a settlement had been</p> <p>12 reached as far as the disposition of</p> <p>13 the case or that a -- let me back up.</p> <p>14 I was aware that</p> <p>15 conversations were occurring between</p> <p>16 the two parties towards a disposition</p> <p>17 of the case, but I am unsure as to</p> <p>18 when that settlement or agreement was</p> <p>19 reached in reference to our actions</p> <p>20 under the foreclosure agreements.</p> <p>21 Q. Well, let me show you -- or ask you</p> <p>22 to take a look at a document that was</p> <p>23 marked previously as Defendants'</p> <p>24 Exhibit 17.</p>

<p style="text-align: right;">Page 126</p> <p>1 STATE OF CALIFORNIA) 2) ss. 3 COUNTY OF SAN FRANCISCO) 4 5 6 I, the undersigned, declare under 7 penalty of perjury that I have read the 8 foregoing transcript, and I have made any 9 corrections, additions, or deletions that 10 I was desirous of making; that the 11 foregoing is a true and correct transcript 12 of my testimony contained therein. 13 EXECUTED this _____ day of 14 _____, 2004, at 15 _____ 16 _____ 17 (City) (State) 18 19 20 21 HUGH WILDER 22 23 24</p>	<p style="text-align: right;">Page 128</p> <p>1 REPORTER'S CERTIFICATE 2 3 4 5 I, RICHARD M. RAKER, CSR #3445, 6 Certified Shorthand Reporter, certify: 7 That the foregoing proceedings were 8 taken before me at the time and place 9 therein set forth, a which time the 10 witness was put under oath by me; 11 That the testimony of the witness 12 and all objections made at the time of the 13 examination were recorded stenographically 14 by me and were thereafter transcribed; 15 That the foregoing is a true and 16 correct transcript of my shorthand notes 17 so taken. 18 I further certify that I am not a 19 relative or employee of any attorney or of 20 any of the parties nor financially 21 interested in the action. 22 23 24</p>
<p style="text-align: right;">Page 127</p> <p>1 ERRATA 2 3 PG/LN NOW READS: SHOULD READ: 4 _____ 5 _____ 6 _____ 7 _____ 8 _____ 9 _____ 10 _____ 11 _____ 12 _____ 13 _____ 14 _____ 15 _____ 16 _____ 17 _____ 18 _____ 19 _____ 20 _____ 21 _____ 22 _____ 23 _____ 24 _____</p>	<p style="text-align: right;">Page 129</p> <p>1 I declare under penalty of perjury 2 under the laws of the State of California 3 that the foregoing is true and correct. 4 5 Dated this 16th day of June, 2004. 6 7 8 9 RICHARD M. RAKER, C.S.R. No. 3445 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24</p>